

Accounting for Self-Insurance Funds

Local educational agencies (LEAs) may establish separate funds for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code* Section 17566).

Amounts transferred to a self-insurance fund shall be treated as expenditures of the fund from which the moneys are transferred. For example, a contribution from the General Fund to a self-insurance workers' compensation fund is recorded under General Fund Object 3600, Workers' Compensation Insurance, and within the Workers' Compensation Self-Insurance Fund as revenue under account 8674, In-District Premiums/Contributions. Within SACS, LEAs shall record a contribution from the General Fund to a self-insurance workers' compensation fund under Fund 01, General Fund, Object 3601–3602, Workers' Compensation Insurance. The contribution should be recorded using the appropriate resource, goal, and function that represent the salaries of the individuals being covered.

A contribution from the General Fund to a self-insurance fund for property and liability should be recorded under General Fund Object 5450, Other Insurance, and within the Property and Liability Self-Insurance Fund as revenue under account 8674, In-District Premiums/Contributions. Within SACS, LEAs shall record the contribution from the General Fund to a self-insurance fund for property and liability using Fund 01, General Fund; Resource 0000, Unrestricted; Goal 0000, Undistributed; Goal 7200, Other General Administration; and Object 5450, Other Insurance.

Other similar expenditure accounts, descriptive of the type of insurance being provided, are used to record the expenditure in the fund that provided the contribution/premium. The revenue is to be recorded under Object 8674, In-District Contributions/Premiums, in the appropriate self-insurance fund.

The cost of excess insurance to provide coverage over and above self-insurance capabilities should be recorded as an expense of the Self-Insurance Fund under Object 5450, Other Insurance. Within SACS, LEAs shall record the cost of excess insurance in the self-insurance fund using Fund 67, Self-Insurance Fund; Resource 0000, Unrestricted; Goal 0000, Undistributed; Function 6000, Enterprise; and Object 5450, Other Insurance.

Payments for claims or judgments and payments to independent contractors for administrative services should be recorded under Object 5800, Other Services and

Operating Expenses, in the appropriate self-insurance fund. Within SACS, LEAs shall record these payments, using Fund 67, Self-Insurance Fund; Resource 0000, Unrestricted; Goal 0000, Undistributed; Function 6000, Enterprise; and Object 5800, Other Services and Operating Expenses.

A trust account may be established for the payment of claims by a contracting firm and recorded in General Ledger account 9135, Cash with a Fiscal Agent, within the Self-Insurance Fund. Payments shall be replenished by amounts equal to claims paid, and the payment shall be recorded within the Self-Insurance Fund under Object 5800, Other Services and Operating Expenses. Within SACS, LEAs shall record the payment from the self-insurance fund to the contracting firm, using Fund 67, Self-Insurance Fund; Resource 0000, Unrestricted; Goal 0000, Undistributed; Function 6000, Enterprise; and Object 5800, Other Services and Operating Expenses.

The SACS codes stated previously use the Resource 0000, Unrestricted. SACS has only one self-insurance fund. LEAs that wish to differentiate the types of self-insurance may do so by assigning a resource in the 0001–0999 range. These resources shall be reported as Resource 0000, Unrestricted. SACS does not require a goal and function for revenues.

LEAs that incur costs related to providing services for a joint powers agreement/agency (JPA), such as salary payments of an administrator or other related administrative service costs, should record reimbursements made by the JPA under account 8677, Interagency Revenue, in the appropriate LEA fund.

Amounts contributed to a self-insurance fund are lawfully restricted for insurance purposes. If the amounts held in a self-insurance fund are considered to be in excess of the amounts required, as determined on an actuarial basis, current and/or future contributions may be reduced by the contributing fund.